

NIIT TECHNOLOGIES B.V.  
AMSTERDAM

Annual Report 2015/2016  
May 11, 2016

FOR IDENTIFICATION PURPOSES ONLY  
BDO Audit & Assurance B.V.

date 11 MAY 2016

initials *[Handwritten Signature]*

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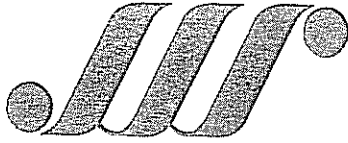
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INTRODUCTION

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*Smit en de Wolf belastingadviseurs bv*

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Members of the Management Board of  
NIIT Technologies B.V.  
Zuidplein 36  
1077 XV AMSTERDAM

*Reference*

10432.00

*Date*

May 11, 2016

Dear Sirs,

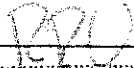
We hereby present the report of the annual accounts for 2015/2016 of NIIT Technologies B.V., of which the balance sheet accumulates a total assets value of € 1,144,400 and the profit and loss account concludes to a result after taxes of negative € 88,728.

**1 AUDIT REPORT**

These annual accounts have been audited by BDO Audit & Assurance B.V. You will find the auditor's report following on chapter: 'Other information'.

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## 2 GENERAL

### 2.1 Founding and activities

The company with limited liability NIIT Technologies B.V. has been formed on November 28, 1995 by NIIT Technologies Limited, established in England. The company's operations include IT-services.

### 2.2 Management

The Management Board include the following members:

- mr. Arvind Thakur (non-resident in the Netherlands);
- mr. Arunbir Singh Soin (non-resident in the Netherlands).

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FINANCIAL REPORT

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**REPORT OF THE MANAGING DIRECTORS**

In accordance with article 2:396 part 7 of the Dutch Civil Code no report of the Managing Directors for 2015/2016 has been prepared.

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**FINANCIAL STATEMENTS**

Balance sheet as at March 31, 2016  
Profit & loss account from 2015/2016  
Notes to the Statements  
Notes to the balance sheet as of March 31, 2016  
Notes to the profit & loss account from 2015/2016

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2 PROFIT AND LOSS ACCOUNT 2014/2015

PARTICULARS	NOTES	31-Mar-16		31-Mar-15	
		EUR	INR	EUR	INR
Net turnover	(7)	2,628,219	187,983,364	3,781,515	295,937,562
Cost of sales		879,363	62,896,439	1,111,419	86,978,540
Gross margin on turnover		1,748,856	125,086,925		208,959,043
Jaarrekening		1,748,856	125,086,925		208,959,043
<b>Expenses</b>					
Wages and salaries	(8)	1,280,075	91,557,364	1,864,877	145,943,409
Social security charges	(9)	150,285	10,749,135	217,701	17,037,063
Management services	(10)	19,338	1,383,150	25,158	1,968,840
Other personnel costs	(11)	87,439	6,254,074	103,910	8,131,893
Depreciation	(12)	1,841	131,678	919	71,920
Accommodation expenses	(13)	30,612	2,189,523	36,706	2,872,575
Office expenses	(14)	9,150	654,454	20,945	1,639,135
Selling expenses	(15)	32,826	2,347,880	45,107	3,530,029
General expenses	(16)	176,006	12,588,829	163,932	12,829,154
Operating result		1,787,572	127,856,087	2,479,255	194,024,017
Interest and similar income	(17)	(38,716)	(2,769,162)	190,841	14,935,026
Interest and similar expenses	(18)	6,397	-	1,773	-
Financial income and expenses		6,397	457,545	1,773	138,753
Result from general operations before tax		1,755,253	125,086,925	2,672,829	213,997,806
Tax on result from operating activities	(19)	(32,319)	(2,268,533)	192,614	15,078,235
Result from general operations before tax		5,564	397,965	(39,432)	(3,085,909)
Tax on result from operating activities		(26,755)	(1,870,568)	153,182	11,992,326
Result Investments in Group Companies		(51,973)	(4,432,619)	-	-
Result after tax		(88,728)	(6,303,186)	153,182	11,992,326

S. No.	PARTICULARS	31-Mar-16		31-Mar-15	
		EUR	INR	EUR	INR
14	<b>Office Expenses</b>				
	Telephone Charges	11,026	788,635	13,388	1,047,731
	Other Office Expenses	(1,876)	(134,181)	7,557	591,403
		<b>9,150</b>	<b>654,454</b>	<b>20,945</b>	<b>1,639,135</b>
15	<b>Selling Expenses</b>				
	Promotional and Advertising	26,443	1,891,336	33,241	2,601,407
	Liabilities to group and associated companies	6,383	456,544	11,866	928,621
		<b>32,826</b>	<b>2,347,880</b>	<b>45,107</b>	<b>3,530,029</b>
16	<b>General Expenses</b>				
	Audit Fees	20,400	1,459,110	17,975	1,406,706
	Professional Services	153,735	10,995,896	144,504	11,308,739
	Insurance	1,789	127,958	1,488	116,449
	Other General Expenses	82	5,865	(35)	(2,739)
		<b>176,006</b>	<b>12,588,829</b>	<b>163,932</b>	<b>12,829,154</b>
	<b>Financial Income &amp; expenses</b>				
17	Interest Income-Deposits & others	7,531	538,655	6,326	495,066
	Interest and similar expense	(1,134)	(81,109)	(4,553)	(356,313)
		<b>6,397</b>	<b>457,545</b>	<b>1,773</b>	<b>138,753</b>
18	<b>Interest And Similer expenses</b>				
	Interest Income Deposit and others	3,560	254,629	6,326	495,066
	Exchnage Diffrences	3,219	230,239	(3,171)	(248,159)
	Interest loans group companies	752	53,787	-	-
	Bank and other fincancial charges	(1,134)	(81,109)	(1,382)	(108,154)
		<b>6,397</b>	<b>457,545</b>		<b>138,753</b>
17	<b>Tax on result on Operating Activities</b>				
	Interest Income-Deposits & others	5,564	397,965	(39,432)	(3,085,909)
		<b>5,564</b>	<b>397,965</b>	<b>(39,432)</b>	<b>(3,085,909)</b>

### 3 NOTES TO THE STATEMENTS

#### GENERAL

The annual accounts are drawn up in accordance with the statutory provisions of Title 9 Book 2 BW. The annual accounts are compiled in euro.

Assets and liabilities are generally valued at acquisition or manufacturing cost or the current value. If no specific basis of valuation is mentioned, the valuation is made at acquisition cost. References are included in the balance and the profit and loss account which refer to the explanatory statement.

#### **Group structure**

The company is a member of a group, led by NIIT Technologies Limited with Registered Office in New Delhi, India. The financial figures of the company are included in the consolidated financial statements of the head of the group.

#### **Consolidation**

As Article 407, sub 2, section 9 Book 2 of the Netherlands Civil Code applies, the company refrains from consolidation.

#### **Estimates**

It is the duty of the management, according to general accepted accounting principles, to make estimates and presuppositions which are determined for the presented financial figures. The real results can differ from these estimates.

#### **Principles of currency conversion**

Assets and liabilities in foreign currencies are converted into euro's at the exchange rate as per balance sheet date, except for forward rate transactions. In such cases, valuation is at the corresponding future exchange rate.

Profits and losses on exchange rates are stated in the profit and loss account. Foreign currency transactions during the year under review are converted at the expiration rate.

#### ACCOUNTING PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

#### **Tangible fixed assets**

The tangible fixed assets are valued at the purchase price or the manufacturing costs minus the depreciations which are determined based on the estimated economic life, with any residual value taken into consideration. Depreciations are a fixed percentage of the purchase price or manufacturing costs.

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A provision has been recognised for costs of periodical major maintenance. This provision is presented under the other provisions as a liability item.

#### Depreciation rates

Asset	%
Other tangible fixed assets	33

#### **Financial fixed assets**

Investments in which no significant influence can be exerted are stated at purchase price less any recognised impairment in value.

The NIIT Group is a group with an international structure of which the ultimate parent company is located in India. The group companies have valued their subsidiaries at cost, as allowed by Indian Gaap, which is the applicable accounting standard for the NIIT Group. As Article 389, sub 9 section 9 Book 2 of The Netherlands Civil Code applies, the company does not have to value the subsidiary at net asset value as is common practice under Dutch Gaap. The 99,96% subsidiary NIIT Technologies N.V., Belgium is calculated at cost less any recognised impairment in value.

#### **Receivables and deferred assets**

Receivables and deferred assets are valued at their nominal value, and where necessary, minus provisions for bad debts.

#### **Cash and cash equivalents**

The cash funds are valued at their nominal value.

#### **Current liabilities**

Current liabilities are valued at nominal value unless stated otherwise.

### **ACCOUNTING PRINCIPLES OF RESULT DETERMINATION**

#### **Net turnover**

The net turnover refer to the amounts charged to third parties regarding providing of services, after deduction for discounts and value added tax in the year.

The revenue regarding providing service is processed in the profit and loss account in proportion to the service provided, if it's transaction can be considered reliable.

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**Cost of sales**

\* The cost of sales are identified as the costs which can be directly related to the service rendered.

**Depreciation**

The depreciations on tangible fixed assets are calculated at fixed rates on the purchase price, on the basis of the expected economic life. Book profit and losses on sale of tangible fixed assets are included in the depreciation on tangible fixed assets.

**Financial result**

Interest profits and losses include interest profits and losses pertaining to the financial year under review from issued and outstanding loans.

**Taxes**

Corporation tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the annual account and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

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**OTHER INFORMATION**

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**OTHER INFORMATION**

**\*1 Provisions of the articles of association regarding the appropriation of the result**

Clause 14 of the articles of association reads as follows:

1. The financial result will become available to the general meeting of shareholders.
2. a. The company may distribute distributable profits to shareholders and others entitled here to, only so far as the equity shows a surplus after the sharecapital plus the statutory reserves have been deducted there of.  
b. Profits may be distributed after adoption of the annual accounts authorising such distribution.  
c. No distribution of profits will be payable to the company.
3. The company may only pay interim profit distributions if the conditions said in clause 2.a. have been met.

**2 Recognition of the loss for 2015/2016**

In accordance with the legal provisions, the loss of € 88,728 for 2015/2016 will be deducted from the other reserves. Awaiting the approval by the General Meeting, this proposition has already been processed in the annual accounts.

**3 Post balance sheet events**

As at April 1, 2016 the directors of the participation NIIT Technologies N.V., Belgium, entered into an agreement with the Belgium Branch of NIIT Technologies Limited, India for the transfer of the business activities of NIIT Technologies N.V. to the Belgium Branch. This transfer will be effective as from April 1, 2016. After the finalisation of the transfer the directors and shareholders of NIIT Technologies N.V. are planning to dissolve the company during the financial year 2016/2017. The net asset value of the participation in NIIT Technologies N.V. will remain negative after the transfer. Due to these circumstances the participation has been impaired to nil as at March 31, 2016.

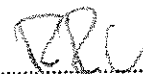
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### *Our responsibilities for the audit of the financial statements*

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### *Report on other legal and regulatory requirements*

#### *Other information*

This report includes, next to the financial statements and our opinion thereon, other information. This other information consists of:

- the other information on page 24;
- the other information in the chapters 'Introduction' and 'Financial report' on pages 2 until 9.

\* Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code and the auditing standards we report that:

- we have no deficiencies to report as a result of our examination whether the other information on page 24 as required by Part 9 of Book 2 of the Dutch Civil Code have been annexed.
- we have nothing to report regarding the other information other than the other information on page 24.

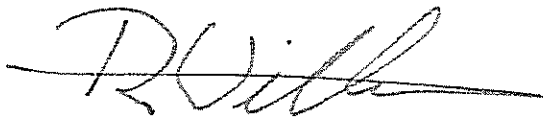
Our opinion on the financial statements does not include the other information and we do not express an opinion or other assurance conclusion on the other information. As part of our audit on the financial statements and based on the auditing standards, it is our responsibility to read the other information. We have to assess whether there are any material inconsistencies between the other information and the financial statements. In order to do so, we use the obtained audit evidence of audit of the financial statements and the conclusions drawn in our audit. We also determine whether the other information in other ways seems to include material deficiencies. If we conclude, based on the procedures performed, that the other information includes a material deficiency, we are required to report this matter.

Management is responsible for the preparation of the other information including the preparation of the other information on page 24 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Rotterdam, May 11, 2016

For and on behalf of BDO Audit & Assurance B.V.,

Initial for identification purposes:



R.R. Willems MSc RA

